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May 19, 2004

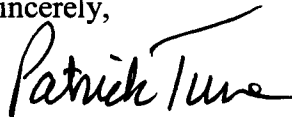
The Honorable Bruce Duke
Executive Director
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: Joint Application of BellSouth BSE, Inc. and BellSouth Long Distance, Inc. for
Approval of Merger
Docket No.: 2004-45-C

Dear Mr. Duke:

Based on the Commission's action in this docket during its May 18, 2004 Agenda Session, BellSouth BSE, Inc. ("BSE") and BellSouth Long Distance, Inc. ("BSLD") respectfully submit the attached Proposed Order Granting Motion and Joint Application for the Commission's consideration. By copy of this letter, I am serving a copy of this filing upon all parties of record.

Sincerely,



Patrick W. Turner
Attorney Representing BellSouth BSE, Inc. and BellSouth
Long Distance, Inc.

PWT/nml
Enclosure

cc: Florence P. Belser, Esquire
All Parties of Record

PC Docs 538788

SO
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COMMUNICATIONS

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2004-45-C

SOUTH CAROLINA
PUBLIC SERVICE COMMISSION
2004 MAY 19 PM 4:15
FILED

IN RE:

Joint Application of BellSouth BSE, Inc. and)	PROPOSED ORDER
BellSouth Long Distance, Inc. for Approval)	GRANTING MOTION
of Merger)	AND JOINT APPLICATION
)	
)	

I. INTRODUCTION

This matter comes before the Commission upon a Joint Application by BellSouth BSE, Inc. ("BSE") and BellSouth Long Distance, Inc. ("BSLD") seeking Commission approval of a merger of BSE into BSLD and upon a Motion for Expedited Ruling on Joint Application on the Basis of Verified Testimony ("Motion"). For the reasons set forth below, the Commission finds that both the Motion and the Joint Application should be granted.

On February 17, 2004, BSE and BSLD filed a Joint Application seeking an Order approving the merger of BSE into BSLD, including without limitation the transfer and/or merger of BSE's existing certificate of public convenience and necessity (including and subject to the Stipulation between BSE and the South Carolina Telephone Coalition) into BSLD. On the same day, BSE and BSLD filed the verified testimony of Mario L. Soto (consisting of 16 pages and 4 exhibits) with the Commission. Mr. Soto's verified testimony supports the Joint Application. MCI WorldCom Communications, Inc. and MCI Metro Access Transmission Services, LLC (collectively "MCI") filed a Petition to Intervene on April 1, 2004. AT&T Communications of

the Southern States, LLC ("AT&T") and ITC^DeltaCom Communications, Inc. ("DeltaCom") filed Petitions to Intervene on April 2, 2004. Both MCI and AT&T subsequently withdrew their intervention in this docket.

On May 13, 2004, BSE and BSLD filed their Motion requesting an expedited ruling on the Joint Application on the basis of the verified testimony that was filed in this docket. This Motion notes that MCI and AT&T have withdrawn their intervention in this docket and that while DeltaCom did not withdraw its intervention, counsel for DeltaCom authorized BellSouth to inform the Commission that DeltaCom remains in this proceeding for monitoring purposes only and that DeltaCom has no objection to the Commission deciding the Joint Application on the basis of the verified testimony. In the Motion, therefore, BSE and BSLD requested the Commission to rule on their Joint Application at the earliest possible Agenda Session on the basis of the verified testimony in the record in this proceeding. The Commission considered this Motion during its Agenda Session of May 18, 2004 and determined that the Motion should be granted. The Commission then considered the Joint Application and the verified testimony of Mario L. Soto supporting the Joint Application.

II. SUMMARY OF TESTIMONY AND DISCUSSION

The uncontroverted evidence of record shows that BSE and BSLD are both wholly-owned subsidiaries of BellSouth Corporation. (Verified Testimony of Mario Soto at 2-3). BSE provides local exchange telecommunications services in the State of South Carolina pursuant to a certificate of public convenience and necessity the Commission granted in Order No. 97-1063 in Docket No. 97-361-C, (*Id.* at 3), and BSLD provides certain intrastate interexchange telecommunications services throughout South Carolina pursuant to a certificate of public convenience and necessity granted or approved by the Commission in Order No. 97-963 in

Docket No. 97-285-C. (*Id.* at 2-3). The primary purposes behind the proposed merger are customer satisfaction and efficiency (*Id.* at 4-5), and the proposed corporate change is strictly *pro forma* and will not impact the provision of telecommunications services in South Carolina. (*Id.* at 6). BSLD and BSE plan to provide notice to BSE's existing customers of the impending merger. (*Id.* at 9; Exhibit MLS-3).

BSLD states that after the merger is completed, it will continue to provide the long distance services it already provides in South Carolina. (*Id.* at 8). BSLD also expects to offer a variety of local services, initially primarily to business customers in South Carolina with an emphasis on complex data services, particularly frame relay service after the merger. (*Id.*). BSLD expects that its local and long distance services will be offered both individually and as packages to give customers the benefit of one-stop shopping. (*Id.* at 8-9). BSLD may also offer local services to residential and business customers in South Carolina in the future. (*Id.*).

BSLD will provide local services in the same geographic areas in which BSE is authorized to provide services. (*Id.* at 14). More specifically with regard to local exchange services, BSLD seeks authority to provide such services on a statewide basis in South Carolina, subject to the conditions contained in the Stipulation that BSE has signed with the South Carolina Telephone Coalition ("SCTC"). (*Id.* at 14). Appendix A to this Order is a copy of this Stipulation.

After the merger is complete, BSLD will file tariffs that are identical to the ones that are currently on file with the Commission and that are identified as BSE South Carolina P.S.C. Tariff No. 1, except that the carrier name will be changed from BSE to BSLD. (*Id.* at 14-15). These tariffs will contain the same prices and terms and conditions of services that BSE is providing today. (*Id.*).

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. BSLD and BSLD have set forth with particularity the proposed geographic area to be served by BSLD after the merger. (Verified Testimony of Mario Soto at 14).

2. BSE and BSLD have identified the price list and informational tariff regarding the types of local exchange and exchange access services to be provided by BSLD after the merger. (*Id.* at 14-15).

3. BSLD will possess technical, financial, and managerial resources sufficient to provide the services BSLD intends to provide after the merger. (*Id.* at 6-8).

4. The services BSLD intends to provide after the merger will meet the service standards that the Commission may adopt. (*Id.* at 10-11).

5. Provision of the services BSLD intends to provide after the merger will not adversely impact the availability of affordable local exchange service. (*Id.* at 11).

6. To the extent it may be required to do so by the Commission, after the merger BSLD will participate in the support of universally available telephone service at affordable rates. (*Id.* at 11-12).

7. Provision of the services BSLD intends to provide after the merger will not otherwise adversely impact the public interest. (*Id.* at 12-13).

IV. CONCLUSION

Based on the foregoing, it is hereby ordered that:

1. The Motion for Expedited Ruling on Joint Application on the Basis of Verified Testimony is granted.

2. The Joint Application for a merger of BSE into BSLD, including without limitation the transfer and/or merger of BSE's existing certificate of public convenience and

necessity (including and subject to the Stipulation attached to this Order as Appendix A) into BSLD is approved.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

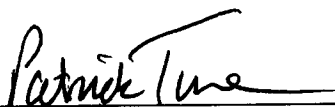
Mignon L. Clyburn
Chairman

ATTEST:

Bruce F. Duke
Executive Director

(SEAL)

Respectfully submitted,



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1600 Williams Street, Suite 5200
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(803) 401-2900

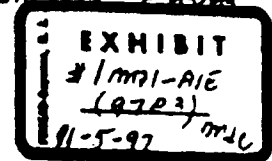
ATTORNEY REPRESENTING BELL SOUTH
BSE, INC. AND BELL SOUTH LONG
DISTANCE, INC.

APPENDIX A

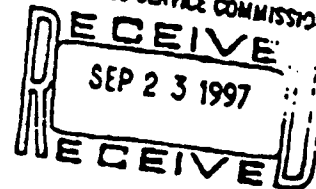
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MCNAIR LAW FIRM

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
Docket No. 97-361-C



Re: Application of BellSouth BSE, Inc. for a)
Certificate of Public Convenience and)
Necessity to Provide Resold and Facilities-)
Based Local Exchange)
Telecommunications Services Throughout)
the State of South Carolina)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and BellSouth BSE, Inc. ("BellSouth BSE") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, the necessity for SCTC's intervention in this matter is avoided and SCTC withdraws its opposition to BellSouth BSE's Application. SCTC and BellSouth BSE stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to BellSouth BSE, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.
2. BellSouth BSE stipulates and agrees that any Certificate which may be granted will authorize BellSouth BSE to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.
3. BellSouth BSE stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

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MONAIR LAW FIRM

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4. BellSouth BSE stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until BellSouth BSE provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, BellSouth BSE acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. BellSouth BSE stipulates and agrees that if, after BellSouth BSE gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, then BellSouth BSE will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. BellSouth BSE acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Stipulation in no way suspends or adversely

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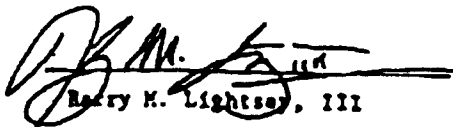
affect such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. BellSouth BSE agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

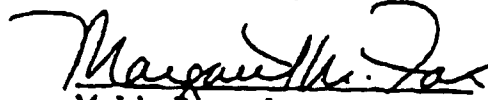
9. BellSouth BSE hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 23rd day of September 1997.

BellSouth BSE, Inc.


Harry K. Lightsey, III

South Carolina Telephone Coalition:


M. John Bowen, Jr.
Margaret M. Fox
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, South Carolina 29201
(803) 799-9800

Attorneys for the South Carolina
Telephone Coalition

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ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Bluffton Telephone Company, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Hargray Telephone Company, Inc.
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Horry Telephone Cooperative, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

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MONAIR LAW FIRM

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Docket No. 97-361-C

Re: Application of BellSouth BSE, Inc. for a)
Certificate of Public Convenience and)
Necessity to Provide Resold and Facilities-)
Based Local Exchange)
Telecommunications Services Throughout)
the State of South Carolina)

CERTIFICATE OF SERVICE

I, Sue-Ann Gerald, do hereby certify that this day I caused to have served the foregoing
Stipulation to the below named party of record, by having same delivered as indicated, this 23rd
day of September, 1997, and addressed as follows:

U.S. MAIL - FIRST CLASS POSTAGE AFFIXED:

Harry M. Lightsey, III, Esquire
1100 Peachtree Street, N.E., Suite 500
Atlanta, Georgia 30309-4599


Sue-Ann Gerald

Columbia, South Carolina

STATE OF SOUTH CAROLINA

)

CERTIFICATE OF SERVICE

COUNTY OF RICHLAND

)

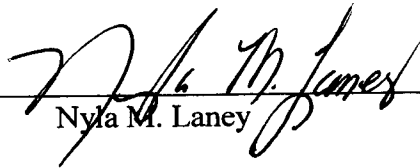
The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, Inc. ("BellSouth") and that she has caused BellSouth BSE, Inc.'s and BellSouth Long Distance, Inc.'s Proposed Order Granting Motion and Joint Application in Docket No. 2004-45-C to be served on the following this May 19, 2004:

F. David Butler, Esquire
General Counsel
S. C. Public Service Commission
Post Office Box 11649
Columbia, South Carolina 29211
(PSC Staff)
(Electronic Mail and US Mail)

Darra W. Cothran, Esquire
Woodward, Cothran & Herndon
1200 Main Street, 6th Floor
Post Office Box 12399
Columbia, South Carolina 29211
(MCI WorldCom Communications, Inc.)
(MCI metro Access Transmission Services, LLC)
(Electronic Mail and US Mail)

John J. Pringle, Jr., Esquire
Ellis Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
Columbia, South Carolina 29201
(AT&T Communications of the Southern States, LLC)
(NuVox Communications, Inc.)
(Xspedius)
(NewSouth Communications, Corp.)
(Electronic Mail and US Mail)

Robert E. Tyson, Jr., Esquire
Sowell, Gray, Stepp & Laffitte, LLC
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ITC Delta^Com Communications, Inc.
(Electronic Mail and US Mail)



Nyla M. Laney

PC Docs # 534573